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To: Chairman Randy Tobler, & MVWD Board of Directors
From: Joseph Davis, General Manager
Date: November 1, 2022
Subject: Proposed Rate Adjustment

Background:

Staff has spent the past few months collecting historical data and incorporating Board direction in an effort to better identify and plan for the future revenue needs for the continued operation and maintenance of the District’s culinary water system.

The data includes current revenues; operation & maintenance costs; depreciation requirements; identified critical capital replacement costs. This data has been on-boarded into the WaterWorth Program with a few estimated assumptions i.e. 3.5% inflation on expenses and .01% growth increase.

The District’s FY23 Budget has an anticipated 4% rate increase for January 1st in the final estimated operating revenues. The Budget still shows an estimated ending cash decrease of **(\$637,555)**

The projected revenue needs of the District are estimated to require an 4% rate increase according to WaterWorth

Staff is recommending maintaining the current monthly base rates and implementing a 4% rate increase on all inclining block rates, new service connections, payment in lieu of water rights, and hydrant usage rates.

Current average residential bill	Summer \$103.90	Winter \$59.36
	3% \$107.02 (\$3.12)	3% \$61.15 (\$1.78)
	4% \$108.06 (\$4.16)	4% \$61.74 (\$2.37)

Suggested Motion

Move to maintain the District’s monthly base rates, and increase the usage block rates, hydrant usage rate and payment in lieu of dedication fee by 4% effective December 1, 2022

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June Usage

	Current	3% Increase	4% Increase
Current Base Rate with % Increase \$43.68	\$ 43.68	\$ 43.68	\$ 43.68
Current Rates with % Increase			
6,000 Gallons @ \$2.91	\$ 2.91	\$ 3.00	\$ 3.03
12,000 Gallons @ \$3.23	\$ 3.23	\$ 3.33	\$ 3.36
18,000 Gallons @ \$3.54	\$ 3.54	\$ 3.65	\$ 3.68
Over 70,000 gallons @ \$4.54	\$ 4.54	\$ 4.65	\$ 4.68
Average Residential Monthly Bill	\$ 103.90	\$ 107.02	\$ 108.06
Total increase in the average res. bill		\$ 3.12	\$ 4.16

December Usage

	Current	3% Increase	4% Increase
Current Base Rate with % Increase \$43.68	\$ 43.68	\$ 43.68	\$ 43.68
Current Rates with % Increase			
6,000 Gallons @ \$2.91	\$ 2.91	\$ 3.00	\$ 3.03
12,000 Gallons @ \$3.23	\$ 3.23	\$ 3.33	\$ 3.36
18,000 gallons @ \$3.54	\$ 3.54	\$ 3.65	\$ 3.68
Over 70,000 gallons @ \$4.54	\$ 4.54	\$ 4.65	\$ 4.68
Average Residential Monthly Bill	\$ 59.36	\$ 61.15	\$ 61.74
Total increase in the average res. bill		\$ 1.78	\$ 2.37

Meter Cost

Meter Size	Current	3% Increase	4% Increase
3/4" meter	\$3,803.00	\$ 3,917.09	\$ 3,955.12
1" meter	\$5,449.00	\$ 5,612.47	\$ 5,666.96
1 ½" meter	\$12,409.00	\$ 12,781.27	\$ 12,905.36
2" meter	\$18,964.00	\$ 19,532.92	\$ 19,722.56
3" meter	\$36,463.00	\$ 37,556.89	\$ 37,921.52
4" meter	\$66,527.00	\$ 68,522.81	\$ 69,188.08
6" meter	\$110,725.00	\$ 114,046.75	\$ 115,154.00

Water Resources

Current	3% Increase	4% Increase
\$ 7,098.00	\$ 7,310.94	\$ 7,381.92